

NEW HAMPSHIRE STATE LIQUOR COMMISSION

MINUTES OF MEETING – JANUARY 3, 2002

PRESENT: Chairman John Byrne, Commissioners Anthony Maiola and Patricia Russell; John Bunnell, Administrator of Marketing & Sales; Craig Bulkley, Bureau Chief of Administrative Services; Howard Roundy, Director of Information Technology; Peter Engel, Director of Store Operations; Richard Gerrish, Spirits Marketing Specialist; Nicole Horton, Wine Programming Specialist; Al Picconi, United Beverages, Inc.; Michael Goclowski, Law Warehouses

I. FINANCIAL & ADMINISTRATIVE REPORTS

1. Financial Reports

A. Weekly, Y-T-D Store Sales Reports:

The SA1000 report for the week ending December 30, 2001 indicates retail sales were up almost 20.3%, on-premise sales were up about 4.7%, off-premise sales were down –13.4%, and total sales increased by 11.6%. The traffic count was up by 18,988, and the average sale was up \$3.26.

The W-1 Total Weekly Sales report for the same week confirms that total sales were up for the week by 11.6% or \$839,346 and also for the year by 5.93% or \$10,234,927. Wine sales increased by 8.5% or \$310,116 for the week, and were up 7.8% or \$6,042,383 for the year. Sales of spirits were up on a weekly basis by almost 16% or \$580,759, and were up year-to-date by 5.4% or \$5,206,884. Sunday sales for December 30, 2002 were down 3%, work hours were up 4%, and sales per work hour increased by 45%.

B. Budget Reports:

The current W-6 Expense Budget Activity Variance Report shows the year to be at 50.96% of the year complete, with overall agency totals at 50.7%. There continue to be variances in Classes 50 and 90, which are still being tracked closely.

Chairman Byrne asked where the Commission stood on the budget lapse. Craig and George will have that information to him either this afternoon or tomorrow.

There was nothing of significance to report regarding outstanding depletions and post-offs, as everything is up to date.

Regarding the Commission hiring it's own architect to perform store renovations, Craig said he had spoken with Jim Marshall of Public Works who said the Commission had every right to do so. However, a new program is due to start wherein several architects will be hired on retainer. Craig

suggested the Commission might want to participate in this selection. Agencies still must go through D.O.T. for any work which needs to be done.

A new quote has been received for the new furniture upstairs, including installation, of \$29,957, which is covered in the budget. Craig would like to issue the paperwork to initiate the order. He is still waiting for the rug installer to give him a current quote. The intention is to get everything completed on a weekend. There were no objections to this from the Commission.

Craig mentioned that updates have been received on some current legislation, and mentioned that the Commission may want to decide whether or not they will be supporting some of the proposed bills. Chairman Byrne said this would be discussed at the Enforcement meeting next Thursday.

George Tsiopras mentioned that Joe Bouchard of Administrative Services has asked for lapse projections. There are several contracts being worked on right now, including one for janitorial services.

2. MIS Report

Craig reported that he, George Tsiopras, Howard and Mike Goclowski attended a production meeting with Paymmentech, a New Hampshire based company in Salem, yesterday, which included a tour of the facilities. This company provides net based credit card transactions and represents a number of well known companies. A number of possible services were discussed, and Craig asked for the Commission's permission to proceed with an R.F.P. The Commission voiced no objections to this.

There will be a lot of IT activity going on this coming spring, and Rick Farrenkopf distributed information providing an overall explanation of plans regarding the computer room, office moves and renovations and computer infrastructure replacement. He mentioned that he hoped to have the fire suspension system for the computer room completed in February or March. The process continues with Dell to finalize terms of the proposal.

Howard distributed copies of a description of the Electronic Product Specification System (EPS) which gives an idea of it's present stage. It will be about two weeks before implementation, and Howard does not feel it will be widely used at first, as it will take users time to become comfortable with the process. He reviewed the major points of information. The form, which replaced Form 220-A has been reformatted, but all of the components meet NABCA specifications. Chairman Byrne suggested that Bacardi, Brown-Forman and UDV be asked to double file to test the new system. Howard asked that if anyone experienced any problems to let him know within a ten-day period.

The contract is being finalized with Dell and will be sent over to DITM within the next several days.

II. MARKETING & SALES REPORTS

1. Store Operations

A. Martin Luther King Day – Monday, January 21, 2002:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve recommended store openings and hours for the Martin Luther King/Civil Rights holiday on Monday, January 21, 2002. The motion was unanimously adopted.

John Bunnell welcomed Nicole Horton, who will be assuming Jim Beck's position as Wine Marketing Specialist. Nicole will be observing during the month of January and will begin presenting agenda wine items in February.

Peter Engel reported that sales this past week were strong and were up \$978,000 or 17.38%. According to the latest Sales Analysis by Location report, Store #38 Portsmouth increased sales by 23.3%, and Store #73 Hampton was up 60.14%. In Cluster 2, the following stores experienced significant sales increases: #20 Derry (42%), #25 Stratham (26%), #34 (33%), #49 Plaistow (22%) and #50 Nashua (26%). A review of Cluster 3 shows Store #30 Milford was up over 36% and Store #51 Pelham was up almost 40%. Looking at Cluster 4, Store #2 Chesterfield increased sales by over 39%, Store #9 Dover by 45%, Store #75 Belmont by 24.5%, Store #62 Raymond by 31%, Store #5 Berlin by 35.5% and Store #26 Groveton by around 26%. In Cluster 6, Store #17 Franklin increased by 24%, Store #43 Farmington by almost 41% and Store #61 Fitzwilliam by 34%.

A successful meeting was held with Lottery representatives today regarding making sales easier to process for accounting. Training on instant ticket machines was also discussed.

2. Warehouse Report

There was nothing significant to report regarding this week's or last week's warehouse reports.

Chairman Byrne asked if Mike Gocłowski would do a quality control report on mis-picked bottles that are shipped, to be brought to the Commission within the next two or three meetings.

3. Purchasing Report

John Bunnell reported that the flow of merchandise has been very good, with very few out-of-stock situations.

4. Merchandising Report

- 1) Pine State Trading Co. – E & J Gallo Winery – Special Purchase and Distribution Offer for Turning Leaf 1.5L:

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that a special purchase offer on Turning Leaf Merlot and Sauvignon Blanc by Pine State Trading Co. and E & J Gallo Winery be tabled pending further review of information. The motion was unanimously adopted.

- 2) Clos du Bois Redeemable Coupon:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve a special offer from Horizon Beverage, Inc., based upon depletions of Code #6479, Clos du Bois Chardonnay, 750ML size, including an additional instant redeemable coupon, to be featured on sale during January 2002, as recommended by Nicole Horton, Wine Merchandising Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

- 3) Special Offers for February 2002 (wines):

A. 3 items – Horizon Beverages, Inc.

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Horizon Beverages, Inc., based upon depletions of three (3) wine items, to be featured on sale during February 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

B. 19 items – Executive Wine & Spirits:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Executive Wine & Spirits, based upon depletions of nineteen (19) wine items, to be featured on sale during February 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

C. 41 items – Martignetti Companies of N.H.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti

Companies of N.H., based upon depletions of forty-one (41) wine items, to be featured on sale during February 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

D. 67 items – Martignetti Companies of N.H.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from Martignetti Companies of N.H., based upon depletions of sixty-seven (67) wine items, to be featured on sale during February 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

E. 35 items – United Beverages, Inc.:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve special offers from United Beverages, Inc., based upon depletions of thirty-five (35) wine items, to be featured on sale during February 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

4) Recommended Allocated and Restricted Wines for Distribution to Selected Stores:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve fourteen (14) allocated and restricted wines to be distributed to selected stores, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

5) Primary Source Submissions:

A. 1 item – primary source:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of one (1) wine code which is from primary source, as recommended by James Beck, Wine Marketing Specialist. The motion was unanimously adopted.

B. 8 items – imported:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of eight (8) wine codes which are not from primary source, but are imported, as recommended by James Beck, Wine Marketing Specialist. The motion was unanimously adopted.

C. 2 items – exclusive agent:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve the listing of two (2) wine codes which are not from primary source, but are offered by the exclusive marketing agent, as recommended by James Beck, Wine Marketing Specialist. The motion was unanimously adopted.

6) Tabled Items:

A. Juarez Triple Sec, 1.75L (tabled from 12/131/01, Item #1-B):

It was moved by Commissioner Byrne, seconded by Commissioner Russell, that the Commission remove from the table and deny a request from United Beverages, Inc., on behalf of David Sherman Corporation, for a test market listing on Juarez Triple Sec, 1.75L size. The motion was passed on a two to one vote, with Commissioner Maiola opposed.

B. Feudo Monaci (from 12/20/01, Item #5-A):

It was moved by Commissioner Maiola, seconded by Commissioner Byrne, that the Commission remove from the table and approve a roll-out special offer from United Beverages, Inc., on behalf of Frederick Wildman & Sons, based upon depletions of two (2) wine items, to be featured on sale during February and March 2002, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

III. ENFORCEMENT & LICENSING REPORTS

No reports given.

IV. CHAIRMAN'S REPORT & LATE ITEMS

1. Contracts/Leases: None.

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2. Bailment Requests:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all requests for bailment releases/transfers dated Thursday, December 27, 2001 through Thursday, January 3, 2002. The motion was unanimously adopted.

3. Coupon Approvals:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve all coupon submittals for the month of December 2001, as approved by Richard Gerrish, Spirits Marketing Specialist and James Beck, Wine Marketing Specialist. The motion was unanimously adopted.

4. Late Items:

A. Sea Breeze Cellars LLC – 90003:

It was moved by Commissioner Maiola, seconded by Commissioner Russell, that the Commission approve thirty (30) wine items submitted by Sea Breeze Cellars to be listed as wine specialty products, as recommended by James Beck, Wine Marketing Specialist and concurred by John Bunnell, Administrator of Marketing & Sales. The motion was unanimously adopted.

John W. Byrne, Chairman

Anthony C. Maiola, Commissioner

Patricia T. Russell, Commissioner

/D. Hartford

